

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 19625
[Redacted])	
)	DECISION
Petitioners.)	
_____)	

[Redacted] (petitioners) protest the Notice of Deficiency Determination issued by the auditor for the Idaho State Tax Commission (Commission) dated June 27, 2006, asserting additional liability for Idaho income tax and interest in the total amounts of \$6,280, \$6,630, and \$5,586 for 2002, 2003, and 2004, respectively.

Three items were adjusted by the auditor. The first was to adjust the amount of the net operating loss deduction for each year. The second adjustment made by the auditor was to allow additional investment tax credit in 2002. The last adjustment made was to disallow capital losses claimed by the petitioners for 2003 and 2004. The petitioners objected only to the first adjustment.

The auditor recomputed the available net operating loss and adjusted the petitioners' Idaho taxable income accordingly, which led to the Notice of Deficiency Determination referred to above. The accountant for the petitioners filed a protest indicating that he disagreed with the computation of the available loss as determined by the auditor. However, he did not provide his own computation of the available loss. The petitioners did not provide either additional facts or legal argument in support of their protest.

The Commission has reviewed the auditor's computations of the net operating loss and finds no error in those computations. Therefore, on the record before us, we find that the auditor's determination of the available loss must be affirmed.

In reviewing the auditor's computations, the Commission finds that for 2003 and 2004, the auditor disallowed the capital losses claimed by the petitioners. These adjustments were not explained in the report issued by the auditor. The Commission finds that the capital losses claimed in 2003 and 2004 should be allowed.

WHEREFORE, the Notice of Deficiency Determination dated June 27, 2006, is hereby MODIFIED, and as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER the petitioners to pay the following tax and interest (calculated to April 30, 2007):

<u>YEAR</u>	<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
2002	\$5,246	\$ 1,252	\$ 6,498
2003	5,561	1,034	6,595
2004	4,919	619	<u>5,538</u>
			<u>\$18,631</u>

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the petitioners' right to appeal this decision is included with this decision.

DATED this _____ day of _____, 2007.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2007, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.

[Redacted]
